

**AUDITED FINANCIAL STATEMENTS**  
**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF**  
**WILSON COUNTY, TENNESSEE**  
**YEAR ENDED JUNE 30, 2008**

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**INDEPENDENT AUDITORS' REPORT**

The Comptroller of the Treasury  
and the Board of Directors  
Sports Authority of the County of Wilson  
A Component Unit of Wilson County, Tennessee  
Lebanon, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sports Authority of the County of Wilson, a component unit of Wilson County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sports Authority of the County of Wilson's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sports Authority of the County of Wilson as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2009 on our consideration of the Sports Authority of the County of Wilson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 - 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Dempsey Vantrouse & Hollis PLLC*  
Lebanon, Tennessee  
March 28, 2009

## **Management's Discussion and Analysis**

This section of the Sports Authority of the County of Wilson's (a component unit of Wilson County) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the financial statements, which follow this section.

### **Financial Highlights**

- The Organization's net assets increased \$566,112 over the course of this year's operations. The change in net assets is a 2.55% increase from the fiscal year ended June 30, 2007.
- During the year, the Sports Authority's expenses were \$566,112 less than the \$1,247,173 generated in taxes and other revenues for governmental programs. This was anticipated due to a decrease in the interest paid on the bonds.
- The total cost of the Organization's activities decreased 19.87% from \$862,446 in the fiscal year ended June 30, 2007 to \$681,062 in the fiscal year ended June 30, 2008. The decrease in interest due to lower market interest rates accounted for the decrease.
- Balances of cash decreased \$92,097 (6.99)% during the fiscal year ended June 30, 2008. Slightly higher property taxes from Wilson County were offset by lower sales tax revenue and principal payments on the bonds.
- Long-term debt decreased \$600,000.00 (2.55)% due to regularly scheduled principal payments on the outstanding bonds.

### **Overview Of The Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Authority's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Authority, reporting the Authority's operations in more detail than the government-wide statements.

- o The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The government-wide statements report information about the Sports Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Sports Authority's net assets and how they have changed. Net assets – the difference between the Sports Authority's assets and liabilities – is one way to measure the Sports Authority's financial health, or position.

- Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sports Authority you need to consider additional non-financial factors.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Sports Authority's most significant funds – not the Sports Authority as a whole. Funds are accounting devices that the Sports Authority uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and bond covenants.
- Other funds are established to control and manage money for particular purposes or to show that the government is properly using taxes.

The Sports Authority has only one kind of fund:

- Governmental funds – Most basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because this information does not encompass the additional long-term focus of

the governmental funds statement, or on the subsequent page, that explains the relationships (or differences) between them.

**Financial Analysis of the Organization as a Whole**

**Net Assets.** The Organization’s net assets increased \$566,110 between fiscal years 2007 and 2008. In comparison, net assets for the fiscal year ended June 30, 2007 increased \$504,098 from the fiscal year ended June 30, 2006. Income from ongoing operations decreased by \$10,136.

Sports Authority For the County of Wilson  
Net Assets

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Current and Other Assets	\$ 1,328,033	\$ 1,401,539	(5.24)%
Capital Assets	-	-	-
Total Assets	<u>1,328,033</u>	<u>1,401,539</u>	<u>(5.24)%</u>
Current and Other Liabilities	22,948,431	23,588,049	(2.71)%
Net Assets			
Invested In Capital Assets			
Net of Depreciation			
Restricted For Debt Service	1,225,947	1,318,044	(6.99)%
Unrestricted	<u>(22,846,345)</u>	<u>(23,504,552)</u>	<u>2.80%</u>
Total Liabilities & Net Assets	<u>\$ 1,328,033</u>	<u>\$ 1,401,539</u>	<u>(5.24)%</u>

**Changes In Net Assets.** The Sports Authority’s total revenues decreased from the prior fiscal year. Total revenues decreased \$44,675 or 3.46%. The Authority’s primary sources of revenue are portions of sales tax revenues attributable to events held at the Speedway and portions of property taxes from the property owned by the Speedway. Operating revenues decreased \$26,861 primarily as a result of decreased sales tax revenue. Sales tax from events at the Speedway declined in the amount of \$35,930 due to fewer events at the Speedway than in the previous year. Property tax revenue increased slightly in the amount of \$4,549. In addition, the Speedway paid \$4,519 in general and administrative costs of the Authority. The remaining revenue is investment income resulting from the bond proceeds prior to being used to build the Speedway or repay the debt. These revenues increased \$17,813 as interest rates declined and the Sports Authority had less to invest.

The total cost of all programs decreased \$171,384 or (19.87)% due to reduced interest on the bonds.

Sports Authority For the County of Wilson  
 Changes In Net Assets  
 June 30, 2008 and June 30, 2007

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Total Operating Revenues	\$1,231,948	\$ 1,258,809	(2.13) %
Total Operating Expenses	<u>681,062</u>	<u>862,447</u>	<u>(21.03) %</u>
Operating Income/<Deficit>	550,886	396,362	38.99 %
Non-Operating Income	<u>15,226</u>	<u>33,039</u>	<u>(53.92) %</u>
Increase/<Decrease> In Net Assets	<u>\$ 566,112</u>	<u>\$ 429,401</u>	<u>31.84 %</u>

**Capital Assets.** The Sports Authority For the County of Wilson does not own any capital assets. It was organized for the purpose of financing the Nashville Super Speedway and issued bonds to provide funds for that purpose. The Sports Authority will receive certain sales and property tax revenues from The State of Tennessee and Wilson County, Tennessee in order to meet the outstanding principal and interest amounts on the bonds. If these revenues are insufficient to repay the principal and interest on the bonds, Dover Downs is responsible for making up the difference.

**Contacting The Organizations Financial Management**

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Finance Director, 228 E. Main Street Room 205, Lebanon, TN 37087.

**GOVERNMENT-WIDE STATEMENTS**

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
STATEMENT OF NET ASSETS

June 30, 2008

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 69
Cash - Held in Trust for Debt Service	1,225,947
Accounts Receivable from Primary Government	50,412
Accounts Receivable from State	51,605
Total Assets	<u>\$ 1,328,033</u>
<b>LIABILITIES AND NET ASSETS</b>	
Accounts Payable	\$ 15,939
Accrued Interest on Bonds	32,492
Current Portion Long Term Debt	600,000
Total Current Liabilities	<u>648,431</u>
Long Term Liabilities	
Bonds Payable, Less Current Portion	<u>22,300,000</u>
Total Liabilities	22,948,431
Net Assets	
Restricted for Debt Service	1,225,947
Unrestricted (deficit)	<u>(22,846,345)</u>
Total Net Assets	<u>(21,620,398)</u>
Total Liabilities and Net Assets	<u>\$ 1,328,033</u>

See Notes To Financial Statements.

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Governmental Activities	Expenses	Charges For Services	Grants and Contributions	
Interest on Long Term Debt	\$ 676,542	\$ -	-	\$ (676,542)
General & Administrative	4,519	-	4,519	-
	\$ 681,061	\$ -	\$ 4,519	\$ (676,542)
<b>General Revenues</b>				
Taxes:				
Sales Taxes From Wilson County				\$ 67,557
Sales Taxes From State of Tennessee				229,235
Property Taxes From Wilson County				930,637
Unrestricted Investment Earnings				15,225
Total General Revenues, Special Items, & Transfers				1,242,654
Change In Net Assets				566,112
Net Assets - 6/30/07				(22,186,510)
Net Assets - 6/30/08				\$ (21,620,398)

See Notes To Financial Statements

## **FUND STATEMENTS**

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
**COMBINED BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2008

	Governmental Funds		Total Governmental Funds
	General	Debt Service	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 69	\$ -	\$ 69
Cash - Held In Trust For Debt Service	-	1,225,947	1,225,947
Accounts Receivable from Primary Government	-	50,412	50,412
Accounts Receivable from State	-	51,605	51,605
Total Assets	<u>\$ 69</u>	<u>\$ 1,327,964</u>	<u>\$ 1,328,033</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Accounts Payable	\$ 15,939	\$ -	\$ 15,939
Total Liabilities	<u>15,939</u>	<u>-</u>	<u>15,939</u>
Fund Balance/(Deficit)	<u>(15,870)</u>	<u>1,327,964</u>	<u>1,312,094</u>
Total Liabilities and Fund Balance	<u>\$ 69</u>	<u>\$ 1,327,964</u>	<u>\$ 1,328,033</u>

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets:

Total Fund Balance	\$ 1,312,094
Amounts reported for governmental activities in the statement of net assets are different because:	
Bonds Payable are not due and payable in the current period and therefore are not reported in the funds	(22,900,000)
Accrued Interest on bonds are not reported in the current period and therefore are not reported in the funds	<u>(32,492)</u>
Net Assets of Governmental Activities	<u>\$ (21,620,398)</u>

See notes to financial statements

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Funds		Total
	General	Debt Service	Governmental Funds
Revenues:			
Interest	\$ -	\$ 15,225	\$ 15,225
Contributions	4,519	-	4,519
Payments from Primary Government	-	998,194	998,194
Payments from State	-	229,235	229,235
Total Revenues	4,519	1,242,654	1,247,173
Expenditures:			
Interest & Letter of Credit Fees	-	716,160	716,160
General and Administrative	4,519	-	4,519
Principal Payments on Long-Term Debt	-	600,000	600,000
Total Expenditures	4,519	1,316,160	1,320,679
Excess (Deficiency) of Revenues Over Expenditures	0	(73,506)	(73,506)
Other Financing Sources (Uses):			
Transfers From Letter of Credit	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	0	(73,506)	(73,506)
Fund Balance			
Beginning of Period	(15,870)	1,401,470	1,385,600
End of Period	\$ (15,870)	\$ 1,327,964	\$ 1,312,094
Net Change In Fund Balances - Total Governmental Funds			\$ (73,506)
Amounts reported for governmental activities in the statement of activities are different because			
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			600,000
Some expenses reported in the statement of activities do not require use of current financial resources and are not reported as expenditures in governmental funds. These include:			
Accrued Interest on Bonds - 6/30/08			(32,492)
Accrued Interest on Bonds - 6/30/07			72,110
Change In Net Assets of Governmental Activities			\$ 566,112

See notes to financial statements

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Sports Authority of the County of Wilson was established for the purpose of planning, promoting, financing, constructing, acquiring, renovating, equipping and enlarging sports complexes, stadiums, arenas, structures and facilities for public participation and enjoyment of professional and amateur sports, fitness, health and recreational facilities.

The Organization is a component unit of Wilson County, Tennessee, the primary government. The Wilson County Board of Commissioners appoints the board members of the Organization. According to the Organization's Charter, it is an instrumentality of Wilson County and in the event of dissolution, all funds and properties owned by the Organization will vest with the County. Also, the County is providing funding through an agreement to remit certain property taxes and a portion of certain sales taxes to the Organization. Therefore, the Organization is a component unit of Wilson County, Tennessee.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Sports Authority as a whole. Individual funds are not displayed in the government-wide financial statements and the Authority has only governmental activities supported by taxes and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

*Fund Financial Statements*

Fund financial statements are provided for the governmental funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Sports Authority are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Sports Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

**D. Fund Types and Major Funds**

The Sports Authority reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Organization. It is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund** - This fund has been established to accumulate resources for the payment of principal and interest on long-term general obligation bonds.

**E. Bad Debt**

The Sports Authority has recorded no provision for bad debts as all accounts receivable are considered fully collectible.

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At June 30, 2008 the bank balance of cash and cash equivalents is \$1,226,016. The deposits are completely insured by FDIC insurance and by the state bank collateral pool.

**NOTE 3 – LONG-TERM DEBT**

Long-term debt at June 30, 2008 consists of \$22,900,000 variable rate tax exempt infrastructure revenue bonds, issued September 29, 1999, due serially to September 1, 2029. These bonds are limited obligations of the Organization, payable solely from the revenues described in note 5 below. Except to the extent of their obligation with respect to these revenues, neither the Organization, the Primary Government nor the State of Tennessee have any liability with respect to the payment of these bonds.

A summary of changes in long-term debt follows:

<u>Balance Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance Ending</u>
<u>\$23,500,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$22,900,000</u>

Amounts Due  
Within One  
Year  
\$ 600,000

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 3 – LONG TERM DEBT – CONTINUED**

Annual requirements to amortize long-term debt:

The annual debt service requirements to maturity as of June 30, 2008 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 600,000	\$ 669,000
2010	600,000	651,000
2011	700,000	630,000
2012	700,000	609,000
2013	700,000	588,000
2014 – 2018	4,200,000	2,571,000
2019 – 2023	5,400,000	1,839,000
2024 – 2028	6,800,000	909,000
2029 - 2030	<u>3,200,000</u>	<u>48,000</u>
	\$ <u>22,900,000</u>	\$ <u>8,514,000</u>

**NOTE 4 – RISK MANAGEMENT**

The Organization is exposed to the risk of loss from general liability. The Sports Authority has been named as an additional insured on the general liability policy of Dover Motorsports, Inc.

**NOTE 5 – REVENUE**

Per the Development Agreement between the Organization, the Primary Government and the Developer, the Primary Government will pay to the Organization annually the amount of real property taxes determined to be due for the first calendar year after the completion of the construction of the facility (the “base year taxes”) plus \$100,000, not to exceed the actual property tax collected. Also, with regards to the sales taxes collected at the facility, the Organization is entitled to the entire State portion and 1.5% of the local portion (currently 2.25%). These funds are to be used by the organization to pay: (1) the necessary and ordinary expenses not to exceed \$10,000 per year; (2) principal and interest due on the bonds during the year following the receipt of such funds; (3) to pay the principal and interest on any additional indebtedness incurred for additional infrastructure costs of the facility; (4) to pay reasonable and ordinary expenses exceeding \$10,000 and (5) for funding an escrow account to pay or prepay the bonds.

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 5 – REVENUE (CONTINUED)**

Revenues and related amounts receivable for the year ended June 30, 2008 are as follows:

	<u>Revenue</u>	<u>Receivable</u>
Property Tax	\$ 930,637	\$ -
Sales Tax - County	67,557	50,412
	<u>\$ 998,194</u>	<u>\$ 50,412</u>
 Sales Tax - State	 <u>\$ 229,235</u>	 <u>\$ 51,605</u>

**NOTE 6 – LETTER OF CREDIT**

The bonds described in Note 3 are secured by a direct-pay letter of credit with Wachovia Bank from Dover Downs Entertainment, Inc. The Sports Authority is responsible for paying the fees associated with any monies drawn on the letter of credit. The letter of credit is not an obligation of the Sports Authority but is used to secure the outstanding bonds.

**NOTE 7 – BUDGET**

The Sports Authority is not legally required to develop a budget for its activities. Accordingly, no budget to actual comparative information is presented.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS RQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Sports Authority of the  
County of Wilson  
Lebanon, Tennessee

We have audited the financial statements of the governmental activities and major fund of the Sports Authority of the County of Wilson, as of and for the year ended June 30, 2008, which collectively comprise the Sports Authority's basic financial statements and have issued our report thereon dated March 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sports Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion the effectiveness of the Sports Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sports Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Sports Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the Sports Authority's financial statements that is more than inconsequential will not be prevented or detected by the Sports Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sports Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dempsey Vantress & Mollis PLLC*  
Lebanon, Tennessee  
March 28, 2009